

This abstract will be presented during LNG2023 conference on 10-13 July in Vancouver, Canada among many other innovative projects, ideas and outlooks. LNG2023 will provide a unique platform for the global LNG industry and key stakeholders to discuss, debate, and showcase the latest industry developments and opportunities.



LEAD AUTHOR

Julie Mayo
Partner, Baker Botts LLP

CO-AUTHORS

None

MANAGING RISK IN AN EVOLVING MARKET

In a volatile market where energy security and foreign policy are innately intertwined, managing risk has become an even more critical component of contracting in the LNG industry.

Balancing physical deliverability with flexibility; adapting to an ever-diversifying suite of pricing structures, strategies and indexes; managing commissioning and start-up risk in a high-priced market; anticipating and protecting against significant regulatory changes and barriers; and meeting the challenge of an ESG-focused world -- these are just some of the challenges in the current LNG contracting market that merit discussion and debate.

Long-held contracting terms and strategies are being challenged and evolving to meet the new market, while maintaining the ability to project finance on reasonable terms in a high-inflation (and potentially pre-recession) world.

Over the past year, we have seen a significant shift in the way parties perceive and negotiate a number of key LNG contract terms, and we will explore the ways in which these current market concerns can be addressed in long-term contracts, while retaining key concepts that are the bedrock of the industry. We will specifically address items such as pre-commercial LNG risk, seller liability caps, suspension rights, ESG obligations, new pricing structures, intentional breach, and the integration between natural gas and LNG markets.

To view the full conference agenda, visit <https://www.lng2023.org/lng-programme-overview>